

To: Finance, Resources and Customer Services Policy Board

On: 31 March 2021

Report by: Director of Finance & Resources

Heading: Revisions to the Council's Existing Pay and Grading Structure for Local Government Employees

1. Summary

- 1.1 As part of the 2018-21 pay settlement agreement (joint circular SJC58), the Scottish Joint Council ("SJC") committed to the consolidation of the living wage into locally agreed pay and grading structures as an hourly rate of pay for Local Government Employees. This would accommodate the deletion of spinal column points 1 – 18 in the council's current pay structure which are below the recommended level of the Scottish Local Government Living Wage. This does not impact employees covered by Teaching, Craft or Chief Officials conditions of service.
 - 1.2 The purpose of this report is therefore to update members on work undertaken by council officers to redesign the council's current pay and grading structure to meet this commitment and to seek approval to implement a revised pay structure for this employee group with effect from 1 April 2021, proposed at **Appendix 1**.
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2. Recommendations

- 2.1 It is recommended that members:
 - Agree to implement the revised pay and grading structure proposed at **Appendix 1** with effect from 1 April 2021, subject to agreement being reached with the recognised trade unions, Unison, Unite and GMB.

- Agree to authorise the Head of Transformation and Organisational Development to carry out appropriate assimilation arrangements to transition employees across to the proposed pay and grading structure.
 - Note the cost of the proposed pay structure detailed in the financial implications section this report.
 - Note the positive outcome of the impact assessment undertaken by the council's recognised independent technical adviser, details of which are outlined in section 4.6 of this report.
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3 Background

- 3.1 The council's existing pay and grading model for Local Government Employees has been in place 2006, and although fit for purpose at the time, required a review to comply with the 2018-21 pay settlement (joint circular SJC58), equality legislation, SJC national agreement (Red Book) and the SJC job evaluation scheme.
- 3.2 Like most councils, Renfrewshire has been paying the living wage to employees by way of a supplement to pay since 2012. Joint circular SJC58 committed the council to consolidating the living wage into the existing pay and grading structure for Local Government Employees by 1 April 2021. This means the deletion of spinal column points 1-18 in the council's current pay structure as these are below the recommended pay level of the living wage. The living wage will therefore become the minimum hourly rate of pay for all pay including additional hours worked and all allowances and remain pensionable as before.
- 3.3 Members will be aware that the living wage rate is determined by the Living Wage Foundation. To maintain our living wage accreditation, the council is required to pay the increase in the living wage rate from the Living Wage Foundation within 6 months of its announcement, usually April of each year if the national pay settlement has not been agreed.
- 3.4 Over the past few years, increases in the living wage rate have far outstripped any national pay awards applied resulting in the first three grades of this pay structure being eroded (grade A, B and part of C). Therefore, a key priority in this review was to explore ways to meet Joint circular SJC58 whilst considering options to ensure the proposed pay structure is fair, affordable and sustainable in the longer term and helps to address the real challenges we have recruiting and retaining key skills and experience in some parts of the council.
- 3.5 Council officers explored different pay and grading structures and **Appendix 1** which is being proposed, has been forecasted to provide the council with some stability as far as is reasonably practical for the next five years. However, the longevity of this structure is very much dependent on the future of national pay award levels and living wage increases.

3.6 A National Scottish Local Government Living Wage Consolidation Reference Group with the SJC trade unions was established to oversee the process of consolidation of the living wage, reporting on progress to the Scottish Joint Councils. In March 2020, the reference group issued a set of guiding principles to councils who were encouraged to use them to implement full consolidation of the living wage and review their existing pay models with local trade union representatives.

3.7 The guiding principles followed by council officers included:

- Consolidation should take account of equal pay legislation and Fair Work principles. It should aim to further reduce the gender pay gap.
- Consolidation arrangements should consider operational requirements and affordability but be underpinned by statutory obligations with regard to equal pay.
- The pay model should be underpinned by a valid job evaluation scheme and consider pay differentials taking account of operational workforce planning needs.
- Councils should undertake and share with local trade union representatives an Equality Impact Assessment on consolidation proposals before they proceed with implementation, seeking to mitigate any inequalities identified. Assessments should be carried out in accordance with guidance available from the Equality and Human Rights Commission which explains how public authorities can meet the requirements of the Equality Act 2010, see: *Assessing impact and the Public Sector Equality Duty: a guide for public authorities (Scotland)*. This can be found on the EHRC website.
- Employee communication and engagement on consolidation should be clear and concise and, where possible, done in conjunction with local trade union representatives.
- Proposals should be discussed with recognised Trade Unions at the earliest opportunity as they are being developed. Implementation should be progressed in accordance with local frameworks for consultation and negotiation.
- Employees will be notified of variations to pay or conditions in accordance with their council's workforce change policies and procedures.

4 Proposal for New Pay Structure

4.1 Council officers considered the workforce and financial implications of different pay and grading structures prior to proposing revisions at **Appendix 1**. As part of this work, officers have also taken the opportunity to propose further improvements across the remainder of the pay structure. Discussions have taken place with the recognised trade unions and their feedback has been positive and incorporated into the redesign of this pay structure.

4.2 The revised pay structure at **Appendix 1**:

- Consolidates the Scottish Local Government Living Wage into the council's pay structure for local government employees as the minimum hourly rate of pay.
- Restores the pay differentials between grades within the pay structure that have been eroded by recent increases in the level of the Living Wage.
- Removes all overlaps from the pay scales of adjacent grades in the structure, in accordance with best practice.
- Reduces the overall length of each pay scale, within the SJC spinal column points, to a maximum of five incremental steps by year 2025.

4.3 If approved by members, 90% of the costs detailed in the financial implications of this report are being invested in year 1 of the structure to our bottom 4 grades, impacting approx. 3000 of our lowest paid employees, predominately female, (approx. 80%), and (approx. 36%) of the council's overall workforce. Key groups of employees impacted include catering and cleaning employees, school crossing patrollers, housekeepers, caretakers, classroom assistants, clerical assistants, customer service advisers, homecare workers, social care assistants, streetscene operatives and additional support needs assistants.

4.4 For many employees higher up the pay structure, there will be no significant movement. Shortening the length of the pay grade year on year incrementally to 2025 will mean existing employees will reach the top of their grade sooner than before. Similarly, new employees to the council will also benefit from a reduced length of pay grade, addressing recruitment and retention challenges in some service areas.

4.5 It is proposed that employees will be assimilated to the revised pay structure based on the same protocol used at the implementation of the SJC 'Single Status' Agreement in 2006, i.e. with impacted employees moving up to the bottom of the new pay scale at implementation, and progressing to the top of the new pay scale as a result of annual increments. The previously overlapping pay points at the bottom of pay scales will be removed with effect from April 2021, 2022, 2023 and 2024, as necessary until the revised 3, 4 or 5 point pay scales are achieved. **No employee will be in financial detriment because of the implementation of the revisions to the pay structure.**

4.6 The Council's Independent Technical Adviser has undertaken an impact assessment of the proposed revisions and in summary concludes that:

- The grading structure remains well founded in the results of the locally agreed application of the 3rd Edition of the SJC Job Evaluation scheme, reflecting 'clusters' of jobs of overall similar demand with grade boundaries positioned in the 'gaps' between clusters.

- The technical integrity of the pay structure ensures that differences in overall demand are enough to support a difference in grade and are once more recognised by differences in pay previously eroded by living wage.
- The parameters of the grading structure are strengthened by the combination of grades A and B to create new grade 1 and by the removal of linked grade B/C now grade 2 which as a result will better support operational requirements.
- All employees in the lowest part of the grading structure benefit both immediately as a result of the deletion of point 1-18, and in terms of additional headroom in their new pay scale, as progression on pay scales rather than fixed pay points continues to be available for all grades.
- There is a reduction in the gender pay gap in each grade on initial implementation maintaining the council's overall gender pay gap to be less than 5% which is not considered significant by the EHRC.
- The Council is meeting its obligations in terms of the Public Sector Equality Duty.
- The new pay structure has been designed to be sustainable in the event that the level of the living wage overtakes the value of SJC spinal column point 19, and has not been designed solely from the perspective of affordability, albeit the phased removal of the overlaps between pay scales is spreading the increased pay bill costs between financial years 2021-22 and 2024-25.

- 4.7 General communications on these proposed revisions to the pay structure have been distributed to all employees impacted. All employees have been individually written to explaining why the revisions are needed, what the implementation timescales are and what grade they will be assimilated to in the new pay structure. Employees have also been encouraged to utilise their vote in trade union ballots, being carried out during February into mid-March and return a vote of acceptance, as recommended, or supported by the trade unions. All members have received a communication from the Head of Transformation and Organisational Development outlining the proposals contained within this report.
- 4.8 Council officers will know the results of the ballots by mid-March at the latest, and in anticipation of a positive ballot return, steps are being taken to ensure full implementation by 1 April 2021. A helpline has been established within HR&OD to support employees with any questions or queries regarding their placing within the new pay structure. At the time of writing this report, a minimum number of enquires had been received.
- 4.9 A report will be brought back to this board later in 2021 to update members on the implementation of this proposal.
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Implications of the Report

1. **Financial** - The cost to implement revisions to this pay structure have been budgeted for and are approx. £400k, which includes employer on costs.
2. **HR & Organisational Development** – The HR&OD team are leading implementation of these proposals, but working closely alongside colleagues in Payroll, Business World and Project Management to ensure all revisions are made by 1 April 2021.
3. **Community/Council Planning** – With 75% of our local government employees residing in Renfrewshire, investment in this revised pay structure will not only positively impact the pay of many, but will also retain investment in the local area.
4. **Legal** – A Collective Agreement will be entered into by the council, Unison, Unite and GMB Trade Unions following a successful ballot return. The Agreement covers all employees within scope of the national agreement on pay and conditions of service of the Scottish Joint Council for Local Government Employees (“the SJC”) (excluding employees within scope of the national agreements of the negotiating bodies for Chief Officials, Teachers and Craft employees). The agreement implemented the proposed revisions to the existing pay and grading structure following negotiations and agreement with the Trade Unions.
5. **Property/Assets** – N/A
6. **Information Technology** – Our Business World Team will use the systems capability to bulk upload changes in grades for approx. 6000 employees, saving manual input to the system.
7. **Equality & Human Rights** – As detailed in section 4.6 of the report.
8. **Health & Safety** – N/A
9. **Procurement** – N/A.
10. **Risk** – Risks have been managed as part of the overall project plan.
11. **Privacy Impact** – N/A
12. **Cosla Policy Position** – Council officers have followed national guidance issued from Cosla when developing proposals attached at Appendix 1.

13. **Climate Risk** – N/A

List of Background Papers

(a) N/A

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CURRENT PAY SCALE

REVISED PAY SCALE 2021/22 - 2024/25

Grade	2020/21 Spinal Point
GRA	2
	3
	4
GRB	9
	10
	11
	12
	13
	14
	15
	16
GRB/C	9
	10
	11
	12
	13
	14
	15
	16
	16
	17
	18
	19
	20
	21
	22
	23
GRC	16
	17
	18
	19
	20
	21
	22
	23
GRD	23
	24
	25
	26
	27
	28
	29
	30
GRE	30
	31
	32
	33
	34
	35
	36
GRF	37
	38
	39
	40
	41
	42
	43
GRG	44
	45
	46
	47
	48
	49
	50
GRH	51
	52
	53
	54
	55
	56
	57
	58
GRI	59
	60

Grade	2021/22 Spinal Point	2022/23 Spinal Point	2023/24 Spinal Point	2024/25 Spinal Point
GRADE 01	SLGLW	SLGLW	SLGLW	SLGLW
	19	19	19	19
	20	20	20	20
GRADE 02	21	21	21	21
	22	22	22	22
	23	23	23	23
	24	24	24	24
GRADE 03	25	25	25	25
	26	26	26	26
	27	27	27	27
	28	28	28	28
	29	29	29	29
	30	30	30	30
GRADE 04	30	30	30	30
	31	31	31	31
	32	32	32	32
	33	33	33	33
	34	34	34	34
	35	35	35	35
	36	36	36	36
GRADE 05	37	37	37	37
	38	38	38	38
	39	39	39	39
	40	40	40	40
	41	41	41	41
	42	42	42	42
	43	43	43	43
GRADE 06	44	44	44	44
	45	45	45	45
	46	46	46	46
	47	47	47	47
	48	48	48	48
	49	49	49	49
	50	50	50	50
GRADE 07	51	51	51	51
	52	52	52	52
	53	53	53	53
	54	54	54	54
	55	55	55	55
	56	56	56	56
	57	57	57	57
	58	58	58	58
GRADE 08	59	59	59	59
	60	60	60	60
	61	61	61	61
	62	62	62	62
	63	63	63	63
	64	64	64	64
	65	65	65	65
GRADE 09	66	66	66	66
	67	67	67	67
	68	68	68	68
	69	69	69	69
	70	70	70	70
	71	71	71	71
	72	72	72	72
	73	73	73	73
	74	74	74	74
	75	75	75	75
GRADE 10	76	76	76	76
	77	77	77	77
	78	78	78	78
	79	79	79	79
	80	80	80	80
	81	81	81	81
	82	82	82	82
GRADE 11	82	82	82	82
	83	83	83	83
	84	84	84	84
	85	85	85	85
	86	86	86	86
	87	87	87	87
	88	88	88	88

Key
Scottish Local Government Living Wage (SLGLW)
Spinal Column Points Being Removed
Spinal Column Points Being Retained

CURRENT PAY SCALE

Grade	2020/21 Spinal Point
	61
	62
	63
	64
	65
GRJ	66
	67
	68
	69
	70
	71
	72
	73
	74
	75
GRK	76
	77
	78
	79
	80
	81
	82
GRL	82
	83
	84
	85
	86
	87
	88
GRM	88
	89
	90
	91
	92
	93
	94
GRN	94
	95
	96
	97
	98
	99
GRO	99
	100
	101
	102
	103
GRP	106
	107
	108
	109
	110
GRQ	119
	121
	123
	124

REVISED PAY SCALE 2021/22 - 2024/25

Grade	2021/22 Spinal Point	2022/23 Spinal Point	2023/24 Spinal Point	2024/25 Spinal Point
GRADE 12	88	88	88	88
	89	89	89	89
	90	90	90	90
	91	91	91	91
	92	92	92	92
	93	93	93	93
	94	94	94	94
GRADE 13	94	94	94	94
	95	95	95	95
	96	96	96	96
	97	97	97	97
	98	98	98	98
	99	99	99	99
GRADE 14	99	99	99	99
	100	100	100	100
	101	101	101	101
	102	102	102	102
	103	103	103	103
GRADE 15	106	106	106	106
	107	107	107	107
	108	108	108	108
	109	109	109	109
	110	110	110	110
GRADE 16	119	119	119	119
	121	121	121	121
	123	123	123	123
	124	124	124	124